

**FISCAL NOTE**  
**SB 165 - HB 171**

February 8, 2005

**SUMMARY OF BILL:** Creates the "Tennessee Motion Picture Incentive Act" which provides exemptions from the payment of the Hall income tax, business tax, franchise and excise tax, and sales and use tax for any eligible person or company producing a film or movie in Tennessee and where at least fifty-one percent of the skilled workforce needed to produce the film or movie are permanent residents of Tennessee.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - \$920,000**


**Decrease Local Govt. Revenues - \$185,000**

Assumptions:

- Tax base of \$20 million (includes all types of film production).
- Business tax rate of 3/80 of 1% on wholesale sales.
- Decrease in state and local government revenues from business tax exemptions estimated to be \$3,220 and \$4,280 respectively.
- Franchise and excise tax collections in Tennessee estimated to be \$1,234.6 million for FY2006.
- Approximately twenty-nine one-thousandths of 1% (0.029%) of all franchise and excise tax collections in Tennessee estimated to be derived from film production.
- Decrease in state revenues from franchise and excise tax exemptions estimated to be \$358,000.
- 40% of tax base spent on sales of taxable goods and services.
- Decrease in state revenues from sales and use tax exemptions estimated to be \$560,000.
- Decrease in local government revenues from sales and use tax exemptions estimated to be \$180,000.
- Local option sales tax rate of 2.25%.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director